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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
09/698,640	10/27/2000	Jeffrey S. Marks	36207.0100	4914
43785 7590 11/30/2006 JONATHAN A. SMALL JAS IP CONSULTING 343 SECOND STREET SUITE F LOS ALTOS, CA 94022			EXAMINER HARBECK, TIMOTHY M	
			ART UNIT 3692	PAPER NUMBER

DATE MAILED: 11/30/2006

Please find below and/or attached an Office communication concerning this application or proceeding.

**Office Action Summary**

Application No.

09/698,640

Applicant(s)

MARKS, JEFFREY S.

Examiner

Timothy M. Harbeck

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-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

**Period for Reply**

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 11 September 2006.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 1-11 and 20-26 is/are pending in the application.
- 4a) Of the above claim(s) \_\_\_\_\_ is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 1-11 and 20-26 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- |  |   |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892)   | 4) <input type="checkbox"/> Interview Summary (PTO-413)<br>Paper No(s)/Mail Date. _____ |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948)                       | 5) <input type="checkbox"/> Notice of Informal Patent Application                       |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08)<br>Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____  |

## **DETAILED ACTION**

### ***Continued Examination Under 37 CFR 1.114***

A request for continued examination under 37 CFR 1.114, including the fee set forth in 37 CFR 1.17(e), was filed in this application after final rejection. Since this application is eligible for continued examination under 37 CFR 1.114, and the fee set forth in 37 CFR 1.17(e) has been timely paid, the finality of the previous Office action has been withdrawn pursuant to 37 CFR 1.114. Applicant's submission filed on 9/11/2006 has been entered.

### ***Claim Rejections - 35 USC § 112***

The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

Claims 1-11 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

The preamble of claim 1 refers to "a plurality of customers," whereas the body refers to "one or more plurality of customers". There is a significant distinction between "one or more" and a plurality in terms of the scope of the claim. It appears that the applicant has simply failed to strike the terms "one or more" from the body, as in the previous amendment filed 2/24/2006, and the application has been examined under this assumption. Appropriate correction, however, is required.

***Claim Rejections - 35 USC § 102***

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in (1) an application for patent, published under section 122(b), by another filed in the United States before the invention by the applicant for patent or (2) a patent granted on an application for patent by another filed in the United States before the invention by the applicant for patent, except that an international application filed under the treaty defined in section 351(a) shall have the effects for purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

Claims 1, 4, 6, 21, 23 and 25-26 are rejected under 35 U.S.C. 102(e) as being anticipated by Shkedy (US 6,260,024 B1).

**Re Claim 1:** Shkedy discloses a computer implemented method for an online auction of the type wherein a plurality of customers may purchase a product supplied by one or more merchants, said method comprising the steps of:

- Acquiring over a network, customer information from said plurality of customers (See Fig 1, Buyers A-E; Column 8 lines 45-49), said customer information including a Preferred Program Term selected from one or more Program Terms associated with said product (Column 13, lines 35-43; preferences indicated; Also see Column 5 lines 31-42 selection of different color pens; and Column 7 line 59-Column 8 line 5; substitute terms)
- Automatically grouping said plurality of customers into one or more pools prior to an auction in accordance with said selected Preferred Program Term (Column 3, lines 39-52), wherein said Preferred Program Term

comprises indicia associated with said product (See ball point pen example Column 5, lines 31-42 and Airline example Column 13, lines 35-43)

- Receiving, over said network, bids from said one or more merchants in connection with providing with providing said product collectively to said one or more pools of said plurality of customers (Column 3, lines 52-55)
- Comparing said bids from said merchants to select a preferred bid from a preferred merchant (Column 3, lines 55-56).
- Notifying, over said network, said preferred merchant of said preferred bid (Fig 9; Ref 970)

**Re Claim 4:** Shkedy discloses the claimed method supra and further discloses wherein potential customers are grouped into ghost pools, and wherein said merchants bid on said ghost pools to obtain the right to provide a previously agreed upon number of said potential customers with said product (Column 7, lines 26-42).

**Re Claim 6:** Shkedy discloses the claimed method supra and further discloses grouping said customers into at least a second pool comprising at least one of a Characteristic Pool and a Commitment Pool (Column 14, lines 7-25). Customers are further grouped into a specific pool date comprising a commitment to a specific date on which the seller can bid to offer the service.

**Re Claim 20:** Shkedy discloses a method or providing an on-line market place for goods and services to a plurality of users and a plurality of bidders, comprising:

- Providing an online user interface which displays for selection a good or service (Column 13, lines 7-19)
- Receiving a selection of a good or service (Column 13, line 17-19)
- Providing an online interface, dependent upon the selection of good or service which displays for selection a plurality of terms associated with said selected good or service, said selection indicative of a preferred one of said terms (Column 13, lines 29-34 also see Column 7 line 59-Column 8 line 5 “a second or substitute item in addition to a primary item choice.”)
- Receiving said selection of said preferred one of said terms (Column 7, line 59-61 and Column 13 line 42-44)
- Automatically grouping users into a pool, prior to an auction, such that each user in said pool has indicated a similar preference for said preferred one of said terms. (Column 14 line 7-25)
- Providing a plurality of bidders an indication of said good or service together with an indication of said preferred one of said terms (Column 16 line 21-28 “subset of PPOs representing a particular condition.”)
- Providing an online user interface permitting said plurality of bidders to enter an auction bid to provide said good or service, including said preferred one of said terms, to said pool of users (Column 16 lines 15-28)
- Receiving at least one bid from said plurality of bidders to provide said good or service (Column 16 line 62-Column 17 line 3)

- Comparing all said bids from said plurality of bidders to select a preferred bid therefrom (Column 17, line 32-49)
- Notifying the bidder providing said preferred bid that theirs is said preferred bid (Column 17, line 50-54)

**Re Claim 21:** Shkedy discloses the claimed method supra and further discloses the step further comprising grouping the users within said pool into groups according to a criteria comprising at least one of an express commitment to be bound by said preferred bid (Column 3, line 6-8), a common demographic characteristic of said plurality of customers, and a preferred grouping criterion selected by said plurality of customers.

**Re Claim 23:** Shkedy discloses the claimed method supra and further discloses the step of providing an on-line user interface which displays for selection at least one period of time during which a user will commit to accept and be bound by a preferred bid; receiving for a user a selection of one of said at least one period of time and grouping the user with said pool into groups based upon said selection of said at least one period of time (Column 14 line 7-25)

**Re Claim 25:** Shkedy discloses the claimed method supra and further discloses establishing a term ratio as a function of grouping criteria to facilitate grouping of said plurality of users based on at least one of a varied selection and varied ranking of said grouping criteria (Column 15, lines 42-57; pooling of blue and black pens)

**Re Claim 26:** Shkedy discloses the claimed method supra and further discloses wherein said Term Ratio facilitates adjustment of a bid value relative to a second of said

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grouping criteria based on a bidder's bid relative of said grouping criteria (Column 7 line 59-Column 8 line 5; adjustment (i.e modify terms) is facilitated based on substitution effect).

***Claim Rejections - 35 USC § 103***

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

Claims 2, 5, 7, 9, 15, 17, 22 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shkedy.

**Re Claim 2:** Shkedy discloses the method of claim 1 supra but does not explicitly disclose wherein said grouping step includes grouping said customers via characteristic pooling in accordance with a Program Term associated with a characteristic of said customers. However, Shkedy does note that this system and method can apply to any commerce situation involving buyers and sellers (see abstract) and further lists certain types of these situations including the potential exchange of rental cars, insurance and mortgages (Column 13, lines 19-22). It was notoriously well known, and obvious to anyone of ordinary skill in the art at the time of invention that these situations often require customer characteristic information in order to be grouped. For example, rates for rental cars, insurance and mortgage are variable greatly based upon customer characteristics like age, credit history and location and therefore in order to get an appropriate pool, listing these characteristics as part of the



conditions would be advantageous. This will allow for a better overall match between pooled applicants, making it more likely that a seller will place a bid.

**Re Claim 5:** Shkedy discloses the claimed method supra but does not explicitly disclose wherein said grouping said plurality of customers into pools in accordance with the customers predefined ranking of two or more Program Terms. However, Shkedy does disclose that customers can enter a plurality of Program terms and the step of ranking and/or filtering such terms is notoriously well known in the art and would be obvious to anyone of ordinary skill. This provides an additional layer for the buyer to ensure that the most optimal deal is made. For example, if a person were purchasing a plane ticket out of a major city, they may have a preference as to a particular airport and time of departure, however if an exact match does not work one characteristic may be more valuable to that person than the other. In providing a simple ranking of features, the customer can further specify their preferences, in case an ideal match is unavailable.

**Re Claim 7:** Shkedy discloses the claimed method supra but does not explicitly disclose repeating said receiving and comparing steps in successive auction stages based upon at least one of successive Program Terms and successive pool groupings to arrive at a final preferred bid relative to said pool. However it would have been obvious to anyone of ordinary skill at the time of invention to include this step to the method of Shkedy so that the best possible bid, relative to the pool, can be secured. In many situations there are a number of variables relative to the pools that factor into the selection of a bid. While one particular variable may be most important, there may be a

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number of other secondary variables that can assist in further defining which bid is "optimal." If multiple bidders satisfy the primary concern of the pool, by repeating the receiving and comparing steps for the secondary variables, the method can further define which bid truly is the most consistent with the overall needs of the pool.

**Re Claim 9:** Shkedy discloses the claimed method supra but does not explicitly disclose the step wherein said ghost pool comprises all customers signing up for said product during a particular time frame. However this step would have been obvious to anyone skilled in the ordinary art as part of the negotiated terms of the supply contract (Column 7, lines 26-29). If no time frame were presented as part of this deal, the supply contract would essentially be a quasi-life contract and would stifle the auction process that the method seeks to establish. While the method mentions beating the "published" price of competitors, an even lower price could be established through the auction process. While a pre-arranged contract has its place, setting a limit in terms of time frame would be obvious as a means to encourage future price competition among vendors.

**Re Claim 22:** Shkedy discloses the claimed method supra and but does not explicitly disclose the step further comprising estimating the number of members of a pool and providing said estimate to said plurality of bidders together with said indication of said good or service and said indication of preferred one of said terms. However, Shkedy does disclose wherein a potential bidder may request complete details of an order (Column 16, lines 51-57). Official Notice is taken that it is old and well known in the art for pooled contracts such as the one disclosed by Shkedy to contain an estimate

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of the number of members of a pool. One would be motivated to include this step so that the bidder could factor other expenses, such as shipping costs, into the price of their bid. For example, shipping many goods to one location is known to be less expensive than having to ship many goods to multiple locations and any prudent seller would request this information.

**Re Claim 24:** Shkedy discloses the claimed method *supra* but does not explicitly disclose the steps or repeating said step of providing to a plurality of bidders an indication of said goods or service together with an indication of said preferred on of said terms and repeating said step of receiving at least one bid from said plurality of bidders in successive auction stages based on alternative groupings of said plurality of customers according to different grouping criteria. However Shkedy does disclose that bidders can elect to receive all PPO's in a category of subset representing a particular condition and then bid on the appropriate PPOs (Column 16, lines 21-28). Official Notice is taken that it would have been obvious to repeat the aforementioned steps so that bidders who may not have been successful on an initial contract, can go to an alternative pool to try and liquidate their goods and/or service. One would be motivated to include this step so that sellers have more than one shot to utilize the system to move their inventory.

Claim 3, 8, 10-11 and 18-19 are rejected under 35 U.S.C. 103(a) as being unpatentable over Shkedy in view of Shoham (US 6,584,451 B1).

**Re Claim 3:** Shkedy discloses the method of claim 1 supra but does not explicitly disclose the step wherein said grouping step includes grouping said customers via commitment pooling in accordance with a Program Term associated with the customer's level of commitment. Shoham discloses a facilitator for aggregating buyer power in an online market system that allows potential buyers the option of submitting conditional bids (Column 6, lines 48-60). Shoham also leaves open the possibility of a withdrawal of initial buyer interest (Column 6, lines 17-27). It would be obvious to anyone of ordinary skill at the time of invention to include the teachings of Shoham to the disclosure of Shkedy so that a potential buyer can indicate their unwavering commitment to the purchase of an item and therefore be pooled with other like buyers. This represents a firm commitment to the potential seller and they will be more willing to offer lower prices or better terms to this group as they will have a better idea of the true nature of the deal than with groups of conditional offers or withdrawal options.

**Re Claim 8:** Shkedy in view of Shoham discloses the claimed method supra and Shkedy further discloses wherein said level of commitment is determined by a prior affirmative commitment by said customers to purchase said product in accordance with said preferred bid by said preferred merchant (Column 8, lines 49-50).

**Re Claim 10:** Shkedy discloses the claimed method supra but does not explicitly disclose calculating a Term Ratio as a function of different rankings of said two or more program terms by said plurality of customers to facilitate grouping of customers who provided different rankings into a common pool to further facilitate bidding by merchants on the opportunity to provide said product to said customers with said common pool.

Shoham discloses the use of seller schedules wherein a seller releases the price of a product as a function of quantity. In other words the seller states his willingness, via some function, to decrease the per unit price of said product depending on the total amount of units sold. It would have been obvious to anyone of ordinary skill at the time of invention to include the teachings of Shoham to the disclosure of Shkedy so that buyers can issue a range of possible FPO's and can be pooled even if they are not in complete lock step with one another. At some points in the seller schedule, the buyers may be in agreement, and can thus be pooled to take advantage of the power of aggregating their orders.

### ***Response to Arguments***

Applicant's arguments filed 9/11/2006 have been fully considered but they are not persuasive.

Applicant initially argues that Shkedy does not disclose each and every limitation and points to applicants own specification. Although a claim should be interpreted in light of the specification disclosure, it is generally considered improper to read limitations contained in the specification into the claims. See *In re Prater*, 415 F.2d 1393, 162 USPQ 541 (CCPA 1969) and *In re Winkhaus*, 527 F.2d 637, 188 USPQ 129 (CCPA 1975), which discuss the premise that one cannot rely on the specification to impart limitations to the claim that are not recited in the claim. In this instance, even through reading limitations from the applicants specification into the claims, which is technically improper, Shkedy still discloses the limitations. For example the user designates Preferred Program

Term is "one of a series of terms associated with a good or service to be auctioned which a user designates as their preference." Shkedy discloses that a buyer may select a 400 MHz PC Computer, while further differentiating between the make of the computer as primary or secondary (Column 7, lines 59-Column 8 line 5). There are other examples throughout Shkedy of selecting a preferred term, such as a color of a type of pen to be delivered (Column 15, lines 42-57) or the dates or class or a particular airline flight (Column 13, lines 36-44).

Furhtermore it is noted that the applicant suggests that the system of Shkedy cannot allow a seller to make calculated trade-offs to provided the preferred term, yet Shkedy explicitly discloses exactly that (Column 7 line 61-65). Therefore these rejections are maintained.

With respect to the 103 rejections, the applicant argues that in order to show obviousness there must be some suggestion in the reference to make such a modification. This is only partially true. A suggestion, teaching, or motivation to combine the relevant prior art teachings does not have to be found explicitly in the prior art, as the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references. . . . The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of the problem to be solved as a whole would have suggested to those of ordinary skill in the art. In re Kotzab, 217 F.3d 1365, 1370 (Fed. Cir. 2000). However, rejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be

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some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness. See Lee, 277 F.3d at 1343-46; Rouffett, 149 F.3d at 1355-59. In each instance the examiner has provided a reasoned statement as to why a person of ordinary skill in the art, in view of the prior art as a whole and the problem to be solved, would have been motivated to make the modification. Therefore these rejections are maintained.

### ***Conclusion***

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Timothy M. Harbeck whose telephone number is 571-272-8123. The examiner can normally be reached on M-F 8:30-5:00.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Richard Chilcot can be reached on 571-272-6777. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

  
RICHARD E. CHILCOT, JR.  
SUPERVISORY PATENT EXAMINER